

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 TRSY-11 AID-20 CIAE-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 PA-04 PRS-01 USIA-15 FEA-02 INT-08 SWF-02

SAM-01 L-03 H-03 DRC-01 /201 W
----- 013902

R 221745Z APR 74

FM AMEMBASSY LONDON
TO SECSTATE WASHDC 9715
INFO AMEMBASSY BONN
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USDOC WASHDC

UNCLAS SECTION 01 OF 02 LONDON 04961

DEPARTMENT PASS TREASURY AND FRB

E.O. 11652:N/A

TAGS: EFIN, UK

SUBJECT: UK TRADE IN MARCH AND FIRST QUARTER 1974

BEGIN SUMMARY: IN MARCH, THE VISIBLE TRADE AND CURRENT
ACCOUNT DEFICITS WERE THE WORST IN UK HISTORY. THE
VISIBLE TRADE ACCOUNT RECORDED A DEFICIT OF 453 MILLION
POUNDS (S.A.) WITH EXPORTS OF 1,209 MILLION POUNDS (S.A.,
F.O.B.) AND IMPORTS OF 1,662 MILLION POUNDS (S.A., F.O.B.)
THE BALANCE ON SERVICES AND OTHER TRANSACTIONS IS
ESTIMATED TO HAVE BEEN IN SURPLUS BY 82 MILLION POUNDS.
THE CURRENT ACCOUNT IS THUS ESTIMATED TO HAVE BEEN IN
DEFICIT BY 371 MILLION POUNDS. FOR THE 1ST QUARTER, THE
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CURRENT ACCOUNT WAS IN DEFICIT BY 1,018 MILLION POUNDS

WITH A VISIBLE TRADE DEFICIT OF 1,264 MILLION POUNDS AND
AN INVISIBLES SURPLUS OF 246 MILLION POUNDS. END SUMMARY

1. IN MARCH, THE UK HAD A VISIBLE TRADE DEFICIT OF 453
MILLION POUNDS (S.A., F.O.B., B/P BASIS) OF WHICH 294
MILLION POUNDS WAS ACCOUNTED FOR BY THE DEFICIT ON TRADE
IN OIL. THIS COMPARES WITH A VISIBLE TRADE DEFICIT OF
429 MILLION POUNDS (247 MILLION POUNDS DUE TO OIL) IN
FEBRUARY AND 382 MILLION POUNDS (166 MILLION POUNDS DUE TO
OIL) IN JANUARY. TRADE IN MARCH WAS AFFECTED BY SHORT
TIME WORKING AND IMPORTS CONTINUED AT A VERY HIGH LEVEL,
PROBABLY REFLECTING DOMESTIC SUPPLY SHORTAGES. IN THE
FIRST QUARTER, THE DEFICIT ON VISIBLE TRADE AVERAGED 422
MILLION POUNDS A MONTH COMPARED WITH AN AVERAGE OF 340
MILLION POUNDS IN THE FOURTH QUARTER OF 1973. THE OIL
TRADE DEFICIT WAS 236 MILLION POUNDS A MONTH IN FIRST
QUARTER 1974 COMPARED WITH 100 MILLION POUNDS IN THE
PREVIOUS QUARTER.

2. THE VALUE OF UK EXPORTS IN MARCH WAS A RECORD 1,209
MILLION POUNDS (S.A., F.O.B., B/P BASIS) COMPARED TO 1,150
MILLION POUNDS IN FEBRUARY AND 1,015 MILLION POUNDS IN
JANUARY. IN THE FIRST QUARTER EXPORTS AVERAGED 1,124
MILLION POUNDS A MONTH, NEARLY 12 PERCENT HIGHER THAN IN
THE FOURTH QUARTER OF 1973. BETWEEN THESE TWO QUARTERS
(MEASURED ON C.I.F./F.O.B. BASIS) EXPORTS TO WESTERN
EUROPE INCREASED BY 6 PERCENT (WITH DELIVERIES TO THE EC
UP 8 PERCENT) AND THOSE TO NORTH AMERICA UP BY 3 PERCENT.
SHIPMENTS TO THE STERLING AREA OUTSIDE EUROPE ROSE BY 10
PERCENT, WHILE EXPORTS TO THE REST OF THE WORLD IN
AGGREGATE WERE A LITTLE MORE THAN 12 PERCENT HIGHER.

3. THE VALUE OF UK IMPORTS IN MARCH WAS A RECORD 1,662
MILLION POUNDS (S.A., F.O.B., B/P BASIS) COMPARED WITH
1,579 MILLION POUNDS IN FEBRUARY AND 1,397 MILLION POUNDS
(REVISED) IN JANUARY. THE FURTHER INCREASE IN THE COST
OF OIL IMPORTS WAS A RESULT OF A RISE IN THE IMPORT PRICE
OF CRUDE OIL, WHICH IN MARCH, WAS 29 POUNDS PER TON
N/A

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R 221745Z APR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9716

INFO AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USDOC WASHDC

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(F.O.B.) COMPARED WITH 25 POUNDS PER TON IN FEBRUARY, AND 23.7 POUNDS IN THE FIRST QUARTER COMPARED TO 10.8 POUNDS IN FOURTH QUARTER 1973. IN THE FIRST QUARTER OF 1974, IMPORTS AVERAGED 1,546 MILLION POUNDS A MONTH, 15 PERCENT HIGHER THAN IN THE PREVIOUS QUARTER; OIL IMPORTS ROSE BY 101 PERCENT AND NON-OIL IMPORTS BY 5 PERCENT. IMPORTS FROM WESTERN EUROPE WERE UP 10 PERCENT, FROM THE EC BY 14 PERCENT AND FROM NORTH AMERICA BY 7 PERCENT WHEN THE TWO QUARTERS ARE COMPARED. DELIVERIES FROM THE STERLING AREA OUTSIDE EUROPE WERE UNCHANGED BUT DELIVERIES FROM THE REST OF THE WORLD ROSE BY 46 PERCENT.

4. THE SURPLUS ON INVISIBLES RAN AN ESTIMATED 82 MILLION POUNDS IN MARCH WITH A CURRENT ACCOUNT DEFICIT OF 371 MILLION POUNDS COMPARED TO 347 MILLION POUNDS IN FEBRUARY
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AND 300 MILLION POUNDS IN JANUARY. THE FIRST QUARTER AVERAGE MONTHLY DEFICIT WAS 340 MILLION POUNDS COMPARED TO

243 MILLION POUNDS IN FOURTH QUARTER 1973.

5. THE TOTALS FOR THE FIRST THREE MONTHS OF 1974 ON
VISIBLE TRADE ACCOUNT COMPARED TO 1973 ARE AS FOLLOWS:

	EXPORTS	IMPORTS	BALANCE
1973	2,633	2,997	- 364
1974	3,374	4,638	-1,264

NOTE: FIGURES HAVE BEEN REVISED, ALL FIGURES ARE F.O.B.,
S.A., B/P BASIS IN MILLIONS OF POUNDS.

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